

FISCAL NOTE

Bill #: HB0376

Title: Limit access to obscene material

Primary

Sponsor: Allan Walters

Status: Draft

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
Expenditures:		
General Fund	\$198,211	\$ 17,251
Other	55,906	4,866
Net Impact on General Fund Balance:	(\$198,211)	(\$17,251)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Montana University System (other than the community colleges)

1. Filtering software installed on an NT server on each campus filters out specific internet addresses. Eight servers will be needed, each server will cost \$20,000. Software will cost \$77,000 the first year and \$5,000 each year following.
2. Software must be updated on regular basis through subscription service.
3. .25 FTE grade15 needed on each subsystem (MSU, UM) campuses to keep software upgraded, answer questions, respond to special requests to enable specific addresses.

Public schools and community college districts

4. Filtering software prices range from \$10 - \$30 per individual computer depending on quantities ordered. A Proxy server can be purchased for \$10,000 to \$20,000 for a computer network. These prices were taken from two well-known companies with prices listed on the Internet. The cost may be less if a local Internet service provider can provide the filter.
5. There are three ways to filter Internet traffic. A filter can be installed on an individual computer, a Proxy server can be installed on a network to control access to a number of student work stations, or a local internet provider may be able to filter the access for the school.

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6. The 1996 QED survey of technology in Montana schools indicates that schools have 24,901 computers of all types. Any one of these computers could be used to access the Internet by installing a modem, all computers may need a filter. Computers that are currently filtered may not conform to the level of filter required by this bill.
7. Of the 461 K-12 school districts, approximately 10 percent of school districts, or 46 districts, have access to the Internet via a network. In these districts, a Proxy server could be used to control access to the Internet. (46 districts x \$15,000 = \$690,000). These districts have approximately 50% of the state's public school enrollment. Assuming these districts also have 50% of the computers, they own 12,500 computers. Districts will spend \$1 to \$3 per month per computer for lists of filtered sites to ensure currency of filtered sites. (12,500 x \$3/month x 12 months = \$450,000 per year)
8. Districts will use proxy server control when possible due to lower cost of maintenance and updating.
9. **The remaining 90% of districts do not have access to the Internet via a network.** 12,500 computers, a software license costing \$28 per computer will cost districts \$350,000. (12,500 x \$28 = \$350,000). Updates to individual licenses will cost approximately \$10 per year. (12,500 x \$10 = \$125,000 per year)
10. Public school districts will spend \$1,030,000 initially for computer filtering. Updated filter lists will cost districts an additional \$575,000. The on-going annual cost is \$575,000. As more computers are installed in school districts, these costs will rise.
11. Community college districts would also incur similar costs to that of networked schools. In these districts, a Proxy server could be used to control access to the Internet. (3 districts x \$15,000 = \$45,000). The district will spend \$1 to \$3 per month per computer for lists of filtered sites to ensure currency of filtered sites. There are approximately 520 computers on the community college campuses (520 x \$3/month x 12 months = \$18,720).
12. No increase in K-12 entitlements or community college state general fund per student FTE will be appropriated as a result of this bill.

FISCAL IMPACT:

Montana University System

	FY2000	FY2001
	<u>Difference</u>	<u>Difference</u>
FTE	0.50	0.50
<u>Expenditures:</u>		
Personal Services	\$17,117	\$17,117
Operating Expense	77,000	5,000
Equipment	<u>160,000</u>	<u>0</u>
TOTAL	\$254,117	\$22,117

Funding:

General Fund (01)	\$198,211	\$17,251
Other (tuition)	<u>55,906</u>	<u>4,866</u>
TOTAL	\$254,117	\$22,117

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$198,211)	(\$22,117)
Other (tuition)	(\$55,906)	(\$4,866)

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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The expected fiscal impact for local school districts and community college districts is \$1,668,720 in FY2001. See Assumptions 4 through 10. School and community college districts will have an on-going cost of \$593,720 (\$575,000 for schools + 18,720 for community colleges) per year for maintaining filtering software licenses and updates.

LONG-RANGE IMPACTS:

School and community college districts will have an on-going cost of \$593,720 (\$575,000 for schools + 18,720 for community colleges) per year for maintaining filtering software licenses and updates. The University System will have \$5000 per year in ongoing costs.

TECHNICAL NOTES:

1. Filtering software will filter specific addresses for all Internet users, including those 18 and older.
2. Any student with access to a networked school computer and a modem could dial into the Internet using their personal Internet provider. Network filters will not prevent this access. School policies may be able to control this access.
3. This fiscal note does not include the cost of school district staff time spent installing, updating , and monitoring the software to assure that it is working properly.
4. Additional costs beyond providing filtering are those costs related to the liability of the school and are not factored into these costs.
5. The term “illegal” on page one lines 11, 16 and 20 and page 2 line 1, 3 and 5 is not limited to obscene material. That which is defined by Montana statute as “illegal” may or may not be filtered from nationally available filtering products